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Current Intelligence Country Handbook

**UNITED ARAB REPUBLIC
(EGYPT)**



DIRECTORATE OF INTELLIGENCE

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UNITED ARAB REPUBLIC (EGYPT)**I. Political**

Since the July 1952 coup which ousted [REDACTED] King Farouk and his corrupt government, the Nasir regime has effected numerous social and economic reforms that have largely eliminated the vast disparities in wealth and opportunity that previously prevailed in Egypt. Egypt's growing independence and strength, epitomized in the evacuation of the British from the Suez Canal Zone, its refusal to join the Baghdad Pact, and its extensive arms purchases from the Soviet Bloc, enabled Nasir to play an influential role in regional affairs. By the mid-1960's, however, this influence was waning, even though Egypt continued to devote an excessive portion of its resources to involvement in extranational affairs. The Egyptian economy, despite impressive gains over the prerevolutionary period, was in serious trouble in 1966, due in no small way to the regime's impractical, doctrinaire economic policies.

The National Charter of 1962, a summation of the concepts of the revolution that had evolved during the regime's rule, outlines a democratic society in Egypt. Despite the existence of constitutions and national assemblies, however, the nation is still firmly ruled by most of the small group of military officers who seized power in 1952. There has been no outrageous abuse of power; neither has there been any development of mass political consciousness and activity. All political parties and organizations are banned except for the Arab Socialist Union (ASU), latest of Nasir's state-controlled socio-political organizations. Death by atrophy took its two predecessors but the ASU showed signs in mid-1966 that, under the vigorous leadership of Secretary General Ali Sabri, it might escape such fate. Sabri was trying to instill life in the ASU by reorganizing it around hard-core, appointed cadres, ignoring the pyramidal elective system specified by the ASU statutes.

While the great majority of Egyptians [REDACTED] remain politically apathetic, many members of the educated classes have been alienated by regime policies that have misused Egypt's resources, seized their property, and restricted their freedom. However, careful surveillance by the regime of the few members of the original ruling clique who have dropped out in disagreement with the regime's policies has prevented them from actively gathering adherents from among the other Egyptians who are disaffected with the Nasir government.

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The military forces, whose officer class has benefitted more than any other from the revolution, remain the locus of power in Egypt, and are considered completely loyal to the regime. They are fully capable of maintaining internal order, in the unlikely event that Egypt's large and capable police forces could not cope with a domestic uprising. Although they are still no match for Israel's forces, Egyptian military units are much better trained and armed than they were before 1952 and are the most powerful in the Arab world. They have gained valuable experience in Yemen, but their inability to win a clear-cut victory in that drawn-out engagement has probably tended to undermine their self-confidence.

2. Economic

Egypt used massive foreign borrowing and inflated public employment as tools to achieve an annual growth rate of almost 6% in the First Plan period (July 1960-June 1965). With population growing by almost 3% per year, the annual increase in per capita income was about 2.9%. In the last year of the plan period, however, the growth rate lagged noticeably, and by 1966 many serious problems were combining to frustrate development efforts.

Egypt is primarily an agrarian country, although agriculture's dominance of the economy has declined somewhat in recent years. Over half the total labor force is strictly agrarian, and agriculture provides over 1/4 of GNP. Long-staple cotton is by far the most valuable cash crop and accounts for about 60% of total export earnings. The principal food crops are wheat, corn, and rice. Cultivation of fancy vegetables, fruits, and flowers has begun to earn sizeable returns. All crops, including livestock fodder, must be grown on irrigated land, and over 99.5% of the 6 million cultivated acres is under perennial irrigation that permits double and triple cropping. Egyptian agriculture is exceptionally productive, and total output has grown about 20% since 1960.

Egypt is not self-sufficient in food, however, and many opportunities for increased agricultural output thus far have been neglected. Population growth and rising living standards have combined to make Egypt one of the world's largest importers of wheat and flour. Farms are legally limited in size to slightly over 100 acres, and land reform has proceeded more smoothly than in most underdeveloped countries. The average farm, however, includes only slightly over 1.1 acres, and about 2.9 million acres still are leased under various tenancy or sharecropping agreements. Thus, rental and credit provisions of the agrarian reform laws have been more important to the average farmer than land redistribution itself.

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The value of industrial production increased about 50% in real terms during the First Plan period, but there was a definite slowdown in the last year of the plan. Processing of agricultural products and crude petroleum are the major industrial activities, but Egypt also manufactures fertilizers, some basic chemicals, and small machinery items, and assembles a variety of more sophisticated products. Egypt produces about 60% of its fertilizer requirements and enough refined petroleum products to cover domestic needs. Crude oil production doubled during the First Plan period, and newly discovered fields should permit Egypt to become a net exporter of petroleum by 1970. Electric power production exceeded 5 billion kwh in 1965, compared to less than 1 billion in 1952, and completion of the Aswan High Dam will raise potential production to over 13 billion kwh annually. Textile manufacturing remains the most important single industry, while the chemical and pharmaceutical industry has been the fastest growing, and the engineering and electrical equipment sector has been the most disappointing. Despite obvious progress, industry suffers acutely from mismanagement, bureaucratic chaos, shortage of skilled workers, and lack of raw materials and spare parts.

Most of Egypt's economic problems revolve around a foreign trade deficit that reached a record of \$414 million in 1964 and totalled \$269 million in 1965. Foreign exchange reserves are almost nonexistent, and the foreign debt totals over \$2.5 billion—about \$1.7 billion of the total was accrued during the First Plan period. Consumption has increased rapidly, domestic saving has lagged, and foreign borrowing has been necessary to finance investment. Foreign debt servicing commitments (about \$240 million in 1966) use up almost one-third of the foreign exchange available each year. In 1965, export earnings totalled \$605 million, Suez Canal revenues came to \$197 million, and receipts from tourism probably aggregated some \$95 million. Imports totalled about \$875 million, and other foreign payments probably exceeded \$200 million (excluding loan repayments). Import restrictions introduced in 1964 and 1965 have been only partly successful, and austerity measures have created inflationary pressures. The government has announced a number of reforms, but implementation has lagged. The development plan has been revised, and goals formerly set for 1970 apparently have been postponed until 1972.

Egypt is one of the world's most successful collectors of foreign aid. By the end of 1965, Cairo had used over \$1 billion in PL 480 assistance, \$900 million in official Free World loans (\$124 million—U.S., \$354 million—West Europe, \$219 million—Kuwait, \$227

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million—other), and \$450 million in Communist economic credits. The Communist countries had shipped military equipment nominally valued at \$1.3 billion—at a total cost to Egypt of about \$610 million.

3. International Relations

Nasir's hopes of returning Egypt to a position of dignity and strength included an ambition to make Egypt the leader of a united Arab world and a strong influence in the "third world" of newly independent nations. Confrontation with former colonialist powers was inevitable, but Nasir has played the role of positive neutralist shrewdly enough to obtain extensive aid (see above) from both the West and the Communist countries.

Nasir's tactics in trying to eliminate foreign influence from and extend Egyptian hegemony over the Arab states have ranged from political union with other states (1958-61 Egyptian-Syrian United Arab Republic) to a subsequent call for the revolutionary Arab masses to overthrow—with clandestine Egyptian assistance—their "reactionary" rulers. At the first Arab Summit Conference in 1964 Nasir called for a detente in intra-Arab conflict so that a common campaign against Israel could be mounted, but in 1966 he announced that Egypt would not attend the next Summit because "reactionary" states—namely Saudi Arabia and Jordan—had taken advantage of the detente to fight, not Israel, but the Arab revolution as espoused by Egypt.

Though technically still at war with Israel, the last thing Nasir wants is another armed conflict with, and probable defeat by, the Jewish state. He has used the issue of "occupied Palestine," however, to justify Egypt's large military establishment and expensive but unsuccessful jet aircraft and rocket programs, to force reluctant Arab states into an appearance of unity with Egypt, and as a focus for his attacks on Western imperialism, which he blames for creating and supporting Israel.

Relations with Western European nations have depended largely on their "colonialist" activities. The 1956 Suez "intervention" by France and Britain resulted in breaks with those countries. Relations with France improved after settlement of the Algerian war, and Nasir approves strongly of deGaulle's independent stance, which he identifies with his own positive neutralism. West Germany's 1965 recognition of Israel caused Cairo to break with Bonn, and relations with the UK were again broken late in the year over the Rhodesian question.

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Although Nasir has kept local Communists under careful control, and even at one time arrested virtually every one of them, Egyptian relations with Communist nations have been fruitful. Russia, for example, has given Egypt extensive arms, aid and help with the construction of the Aswan High Dam. Despite their energetic efforts, the Chinese Communists have not been able to win Egypt over to their side in the Sino-Soviet dispute, nor has Nasir supported the violent Chinese attacks on the US.

The conflict of US and Egyptian interests in several areas, including the Congo and the Yemen, has made their relations difficult. In 1965 the US suspended its vital PL 480 food aid to Egypt for six months, and in July 1966 another suspension began, accompanied by cries from Cairo that the US was trying to "use food" to infringe on Egypt's sovereignty.

4. Subversion

The Nasir regime has methodically suppressed all opposition to its rule. The outlawed Communist Party in Egypt, never large or well organized, disbanded its still existing organizations in 1965 in response to the Soviet line that local Communists should support independent socialist regimes. A few Egyptian Communists may still be active, however. Some are reportedly trying to gain positions of influence in the Arab Socialist Union, now headed by the pronounced leftist, Ali Sabri. The suppressed Muslim Brotherhood, the once powerful conservative religio-political organization, resurfaced in 1965 with plans to overthrow the regime. The government was surprised by the apparent strength of the Brotherhood, but Egyptian security was easily able to crush its outbreak with rapid and widespread arrests.

Chronology of Key Events

- 1798 Napolcan invades Egypt, brings Western ideas and influence, but control by the Ottoman Empire continues.
- 1854 Suez Canal concession granted to Ferdinand de Lesseps by Khedive Muhammad Said.
- 1869 Suez Canal opened.
- 1875 British government buys Suez Canal shares of Khedive, becomes largest single stockholder.
- 1876 Egyptian financial management declared unsound. British and French control established.
- 1881 Nationalist revolt against foreign control.
- 1882 "Provisional" British occupation of Egypt begins.

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- 1914 Egypt becomes British protectorate.
- 1922 Egyptian Declaration of Independence.
- 1936 British evacuation of Egypt (except for Suez Canal Zone).
- 1945 Creation of the Arab League.
- 1948 (May) Arab League troops, including Egyptians, march into new state of Israel.
- 1949 (February) Israeli-Egyptian armistice agreement signed after Israelis inflict major defeat on Arabs.
- 1951 (October) Egypt rejects a proposal by the United Kingdom, the United States, France, and Turkey for a Middle East Defense Organization, and abrogates both the Anglo-Egyptian Treaty of 1936.
- 1952 (July) Free Officers in the Egyptian Army seize power and place Gen. Muhammad Naguib at the head of their movement.
- 1953 (June) Egypt becomes a republic.
- 1954 (April) Gamal 'Abd al-Nasir, as new Prime Minister, emerges as strong man of regime.
- 1955 (September) Nasir announces conclusion of a commercial agreement with Czechoslovakia, exchanging Egyptian cotton, rice, and other products for Communist bloc arms.
- 1956 (July) Egypt nationalizes the Suez Canal Company.
(October) Israel invades Sinai, launching Suez hostilities.
(November) Egypt breaks diplomatic relations with France and the United Kingdom; France and the U.K. invade the Suez Canal Zone.
- 1957 (March) United Nations Emergency Forces take over the Gaza Strip and areas along the Gulf of Aqaba from evacuating Israeli forces.
- 1958 (February) The formation of the United Arab Republic (U.A.R.) proclaimed and then ratified by plebiscite of the Syrian and Egyptian peoples. Nasir elected President of the U.A.R.
- 1961 (June) U.A.R. and United Kingdom renew diplomatic relations.
(September) Syria secedes from the U.A.R.
- 1962 (May) Nasir presents Charter for National Action to National Congress of Popular Forces.
(July) Arab Socialist Union (ASU), government-controlled socio-political organization, formed.
(November) Egypt becomes involved in Yemen hostilities.

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- 1964 (January) First Summit Conference of Arab heads of state.
(March) Egyptian National Assembly elected and Provincial Constitution adopted.
(May) Visit of Premier Khrushchev and announcement of \$280 million Soviet economic aid loan for second 5-year plan.
- 1965 (March) President Nasir reelected to 6-year term.
(May) Diplomatic relations with West Germany broken following latter's establishment of diplomatic relations with Israel.
- 1966 (July) Nasir secures postponement of Arab Summit Conference scheduled for September.

Selected Factual Data

LAND (U)

386,000 sq. mi.; 2.6% cultivated (of which almost 100% multiple cropped); another 1% potentially arable, 95.7% desert, waste, or urban; 0.7% inland water

PEOPLE (Confidential)

Population: 30.9 million; males 15-49, 6,884,000; 4,705,000 fit for military service; about 280,000 reach military age (20) annually
Ethnic Divisions: 90% Eastern Hamitic stock; 10% Greeks, Italians, Syro-Lebanese

Religion: 90% Muslim, 10% Copt and other

Language: Arabic official, English and French widely understood by educated classes

Literacy: 30-40%

Labor force: 21 million; 60% agriculture, 10% industry, 10% trade, 20% services and other; serious shortage of skilled labor

Organized labor: 8% of labor force

GOVERNMENT (Secret—No Foreign Dissem)

Capital: Cairo

Regional breakdown: 25 governorates

Type: nominal republic

Branches: executive power vested in president; 4 vice-presidents, and a cabinet—all appointed by president; National Assembly has little actual power, serves mainly for discussion and automatic approval; independent judiciary administered by minister of justice

Government leader: President Gamal Abd al-Nasir

Suffrage: universal over age 18

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Elections: elections to national assembly every 5 years; presidential elections every 6 years; most recent elections for national assembly March 1964

Political parties and leaders: all political parties banned; Arab Socialist Union sole officially sanctioned socio-political grouping; all candidates for election must be members of Arab Socialist Union

Communists: 1,000

Member of: U.N. (IAEA, ILO, FAO, UNESCO, WHO, IBRD, IFC, IDA, IMF, ICAO, ITU, UPU, WMO, IMCO). AAPSO, Arab League, OAU, WPC

ECONOMY (U)

GNP: \$4.8 billion (FY 1966 est.), approximately \$160 per capita

Agriculture: cotton main cash crop; rice, onions, beans, wheat, corn, barley; not self-sufficient in food

Major industries: textiles, food processing, chemicals, petroleum, construction, cement

Electric power: 1.4 million kw. capacity (1964); 5.4 billion kw.-hr. produced (1964), 190 kw.-hr. per capita (1964)

Exports: \$548 million 1964; 49% raw cotton, 13% cotton yarn and fabric, 13% rice, also crude oil, petroleum products, onions, potatoes, chemicals, cement, manganese; Italy, U.S., U.K., W. Germany, India, and 43% to Sino-Soviet bloc; Suez Canal revenues (1965)—\$197 million

Imports: \$928 million (1964); foodstuffs, machinery and equipment, fertilizers, woods, petroleum products; from U.S., W. Germany, U.K.; 17% bloc

Aid: \$1.6 billion in economic credits and about \$1.4 billion in military assistance from bloc through the end of 1965; \$943 million economic credits and grants from U.S. through 1964; sizeable credits from international agencies, W. Germany, Italy, Kuwait

Exchange rate: 1 Egyptian Pound = US\$2.30 (selling rate)

Fiscal year: 1 July–30 June

COMMUNICATIONS (Confidential)

Railroads: 3,138 mi.; 2,755 mi. standard gage, 383 mi. narrow gage (3'3 $\frac{3}{8}$ " and 2'5 $\frac{1}{2}$ "); 525 mi. double tracked; 15.5 mi. electrified; 94% government owned

Highways: 18,850 mi. (not including motorable earth and sand tracks); 4,850 mi. paved, 11,050 mi. gravel, 2,950 mi. improved earth

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Inland waterways: 2,100 mi.; Suez Canal, 100 mi. long, is navigable by ocean-going vessels; limiting draft of 38 ft. S. to N., 37 ft. N. to S.; Alexandria-Cairo waterway navigable by barges of 500-ton capacity; Nile and large canals by barges of 420-ton capacity; Ismailia Canal by barges of 200- to 300-ton capacity; secondary canals by sailing craft of 10- to 70-ton capacity
Freight carried: waterways—1.7 million tons; Suez Canal (1964)—236 million tons
Pipelines: crude oil, 22 mi.; refined products, 409 mi.
Ports: 3 principal (Alexandria, Suez, Port Said); 4 secondary, 24 minor
Merchant marine: 43 ships (1,000 GRT or over) totaling 201,439 GRT, 244,700 DWT; includes 7 passenger, 27 cargo, 9 tanker
Civil air: 23 major transport aircraft
Airfields: 114 total, 56 usable; 33 with permanent-surface runways; 19 with runways 8,000–11,999 ft.; 24 with runways 4,000–7,999 ft.; 2 seaplane stations
Telecommunications: fairly modern telephone and telegraph facilities meet normal requirements; excellent broadcast service; 10 AM stations, 1 FM station, and 16 TV stations; 264,400 telephones

DEFENSE FORCES (Secret)

Personnel: army 175,000, navy 10,000, air force 11,000 (600 pilots), frontier corps 6,000, security and guard forces 5,000, national guard 3,000, coast guard 7,300
Major ground units: 7 divisions (4 infantry, 2 armored, 1 antiaircraft artillery), 23 independent brigades (17 infantry, 2 coast artillery, 1 commando, 1 parachute, 1 medium artillery, 1 Palestinian); a force of about 65,000 men (in infantry, armored, parachute, commando and support units) is deployed in Yemen
Ships: 5 destroyers (plus 1 inactive), 10 submarines (plus 1 inactive), 45 to 50 patrol, 6 minesweepers, 5 amphibious, 5 auxiliary, 10 service craft
Aircraft: 718 (412 jet)
Missiles: SA-2 SAM system being activated
Supply: produces small arms and ammunition, and CW ammunition; dependent on Soviet bloc countries for other equipment
Military budget: for fiscal year ending 30 June 1966, \$406,600,000 (armed forces and security); less than 15% of total budget

National Intelligence Survey (NIS) Material

The following sections of the NIS are relevant:
NIS Area 53 (United Arab Republic)



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GENERAL SURVEY (General Survey to be published in fall 1966) and the following specialized sections:

- Sec. 21 (old outline) Oceanography
- Sec. 21 Military Geographic Regions
- Sec. 22 Coasts and Landing Beaches
- Sec. 23 Weather and Climate
- Sec. 24 Topography
- Sec. 25 Urban Areas
- Sec. 31 Railway
- Sec. 32 Highway
- Sec. 33 Inland Waterway
- Sec. 35 Ports and Naval Facilities
- Sec. 36 Merchant Marine
- Sec. 37 Civil Air
- Sec. 38 Telecommunications
- Sec. 41 Population
- Sec. 42 Characteristics of the People
- Sec. 43 Religion, Education, & Public Information
- Sec. 44 Manpower
- Sec. 45 Health and Sanitation
- Sec. 46 Welfare
- Sec. 51 The Constitutional System
- Sec. 52 Structure of the Government
- Sec. 53 Political Dynamics
- Sec. 54 Public Order and Safety
- Sec. 55 National Policies
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- Sec. 57 Subversion
- Sec. 58 Propaganda
- Sec. 61 Agriculture, Fisheries, and Forestry
- Sec. 62 Fuels and Power
- Sec. 63 Minerals and Metals
- Sec. 64 Manufacturing and Construction
- Sec. 65 Trade and Finance
- Sec. 82 Naval Forces
- Sec. 91-94 Map and Chart Appraisal
- Gazetteer
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Map

The best available general reference map is: US Army Map Service; *United Arab Republic (and vicinity)*; 1:1,000,000; World Road Map Series 1340 W, Middle East-sheet 1; 1962. Covers most of UAR north of 24°N.

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